

AMENDED IN ASSEMBLY AUGUST 30, 2005

AMENDED IN ASSEMBLY JUNE 20, 2005

AMENDED IN SENATE MAY 31, 2005

AMENDED IN SENATE APRIL 26, 2005

AMENDED IN SENATE APRIL 7, 2005

AMENDED IN SENATE MARCH 31, 2005

SENATE BILL**No. 437**

Introduced by Senator Escutia

(Principal coauthors: Senators Alquist, Migden, and Perata)

(Principal coauthor: Assembly Member Chan)

**(Coauthors: Senators Chesbro, Ducheny, Figueroa, Kuehl,
Romero, and Torlakson)**

(Coauthors: Assembly Members Dymally, Jones, Laird, and Pavley)

February 17, 2005

An act to amend Section 49557.2 of the Education Code, to amend Sections 123280 and 123290 of the Health and Safety Code, to amend Sections 12693.43, 12693.73, 12693.98, and 12693.981 of, to add Sections 12693.22, 12693.415, ~~12693.444~~, 12693.445, 12693.702, 12693.983, and 12693.984 to, and to add Chapter 17 (commencing with Section 12693.99) to Part 6.2 of Division 2 of, the Insurance Code, and to amend Sections 14005.23, 14005.41, ~~14154~~, and 18925 of, and to add Sections 14005.43, 14005.71, 14011.65, and 14013.5 to, the Welfare and Institutions Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 437, as amended, Escutia. California Healthy Kids Insurance Program.

(1) Existing law establishes various public programs to provide health care coverage to eligible children, including the Medi-Cal program administered by the State Department of Health Services and county welfare agencies, and the Healthy Families Program administered by the Managed Risk Medical Insurance Board. Children through 18 years of age are eligible for health care coverage under these programs if they meet certain household income and other requirements. Existing law authorizes information sharing with respect to children eligible for free school lunches in order to facilitate their enrollment in the health care programs.

This bill would create the California Healthy Kids Insurance Program, which would consist of the portion of the Medi-Cal program that provides health care coverage to children and the Healthy Families Program. The bill would require that the California Healthy Kids Insurance Program be operated as a joint partnership by the State Department of Health Services and the Managed Risk Medical Insurance Board in a streamlined manner, with eligible children to be enrolled in one program or the other, as appropriate. The bill would accelerate the process for making eligibility determinations for the California Healthy Kids Insurance Program by authorizing the administering agencies to rely on income eligibility determinations made by other public assistance programs, including reduced price school lunch programs, the California Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and the Food Stamp Program. The bill would authorize applicants for the California Healthy Kids Insurance Program to self-certify their family income and other eligibility factors, and would provide for the administering agency to request documentation and verify information only to the extent necessary to determine eligibility and as required by federal law. The bill would expand eligibility for the Healthy Families Program and the Healthy Families Program element of the California Healthy Kids Insurance Program by allowing children with family incomes up to 300% of the federal poverty level to qualify and by otherwise liberalizing enrollment requirements. The bill would enact certain privacy and confidentiality provisions relative to Healthy Families Program applicants and enrollees. The bill would create the California Healthy Kids Expert Panel to advise the administering agencies on various matters. The bill would require the administering agencies to award local enrollment investment grants from available funds to local and regional children's health initiative activities

designed to increase and retain the enrollment of children in health care coverage. The bill would require the Secretary of the Health and Human Services Agency to coordinate local children's health insurance programs with certain state and federally funded programs. The bill would make various related modifications to the Medi-Cal and Healthy Families programs. *The bill would require the Managed Risk Medical Insurance Board to undertake pilot demonstration projects to test strategies and gather data relative to increasing health care coverage for uninsured children in families with incomes above 300% of the federal poverty level. The bill would require the board to develop materials for distribution by state agencies to small business employers regarding availability of purchasing pool coverage. The bill would require the California Health and Human Services Agency in conjunction with the Secretary of Labor and Workforce Development and the Secretary of Business, Transportation and Housing to establish a task force relative to increasing employer health care coverage of children.* The bill would enact related provisions and state the intent of the Legislature relative to certain other provisions. Because the modifications to the Medi-Cal program would impose certain duties on counties relative to administration of that program, the bill would impose a state-mandated local program.

(2) Existing law creates the Healthy Families Fund, and provides that money in the fund is continuously appropriated for purposes of the Healthy Families Program.

This bill would provide that the Managed Risk Medical Insurance Board may implement this act, including the expansion of the Healthy Families Program, only to the extent that funds are appropriated for the purposes of the act in the annual Budget Act or in another statute.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Health insurance is a critical investment in the health of California's children, since:

(1) Children with health insurance are more likely to get the care they need, especially essential preventive care that can prevent avoidable conditions and expensive emergency room visits.

(2) Children with health insurance are healthier and perform better in school. California's investment in children's health insurance has paid off. For example, children enrolled in the Healthy Families Program have shown a 25-percent improvement in health and 68-percent improvement in their ability to "pay attention" and to "keep up with school activities."

(b) California's investment in state health insurance for children has significantly reduced the number of children who have no health insurance.

(c) With about 800,000 uninsured children in California, the goal of extending coverage to all children in the state is within reach, especially since a majority (55 percent) of them already qualify for state health insurance through Medi-Cal or the Healthy Families Program.

(d) California can no longer afford to waste precious resources by dropping children from coverage unnecessarily due to bureaucratic red tape, only to reenroll them at a later date. If this phenomenon of children losing coverage temporarily were addressed, the number of uninsured low-income children nationally would be reduced by 40 percent.

(e) Appropriate technology solutions can help improve program administration and efficiency while reducing barriers to coverage for children, making it easier for children to get and keep the health coverage they need.

(f) With existing enrollment successes like local Children's Health Initiatives innovations, express lane eligibility through school lunch programs and the Deemed Eligible Infants and Newborn Hospital Gateways, any reforms designed to reach all children must build and improve upon the Medi-Cal and Healthy

1 Families programs, local enrollment and retention innovations
2 and available technologies to enroll more children.

3 (g) Across the state, over 27 local coalitions of local health
4 plans, community leaders, health providers, businesses, unions,
5 county agencies, First *California* 5 commissions, faith leaders,
6 schools and others are at work to expand access to health
7 insurance for children, resulting in exceptional models for what
8 is needed statewide.

9 (h) California voters overwhelmingly support a plan that
10 would ensure that every child in California has health insurance.
11 This support is solid throughout the state and across partisan
12 lines, even when voters understand the financial cost required to
13 cover all children.

14 (i) The Legislature aims to ensure this simple goal on behalf of
15 California's children:

16 Every child in California can get health insurance to grow up
17 healthy and strong.

18 SEC. 2. Section 49557.2 of the Education Code is amended to
19 read:

20 49557.2. (a) (1) At the option of the school district or county
21 superintendent, and to the extent necessary to implement Section
22 14005.41 of the Welfare and Institutions Code, the following
23 information may be incorporated into the School Lunch Program
24 application packet or notification of eligibility for the School
25 Lunch Program using simple and culturally appropriate language:

26 (A) A notification that if a child qualifies for free school
27 lunches, then the child may qualify for free or reduced-cost
28 health coverage.

29 (B) A request for the applicant's consent for the child to
30 participate in the Medi-Cal program, if eligible for free school
31 lunches, and to have the information on the school lunch
32 application shared with the entity designated by the State
33 Department of Health Services to make an accelerated
34 determination and the local agency that determines eligibility
35 under the Medi-Cal program.

36 (C) A notification that the school district will not forward the
37 school lunch application to the entity designated by the State
38 Department of Health Services to make an accelerated
39 determination and the local agency that determines eligibility

1 under the Medi-Cal program, without the consent of the child's
2 parent or guardian.

3 (D) A notification that the school lunch application is
4 confidential and, with the exception of forwarding the
5 information for use in health program enrollment upon the
6 consent of the child's parent or guardian, the school district will
7 not share the information with any other governmental agency,
8 including the federal Department of Homeland Security and the
9 Social Security Administration.

10 (E) A notification that the school lunch application
11 information will only be used by the entity designated by the
12 State Department of Health Services to make an accelerated
13 determination and the state and local agencies that administer the
14 Medi-Cal program for purposes directly related to the
15 administration of the program and will not be shared with other
16 government agencies, including the federal Department of
17 Homeland Security and the Social Security Administration for
18 any purpose other than the administration of the Medi-Cal
19 program.

20 (F) Information regarding the Medi-Cal program, including
21 available services, program requirements, rights and
22 responsibilities, and privacy and confidentiality requirements.

23 (2) The State Department of Education, in consultation with
24 school districts, county superintendents of schools, consumer
25 advocates, counties, the State Department of Health Services, and
26 other stakeholders, shall make recommendations regarding the
27 School Lunch Program application, on or before February 1,
28 2003. The recommendations shall include specific changes to the
29 School Lunch Program application materials as necessary to
30 implement Section 14005.41 of the Welfare and Institutions
31 Code, information for staff as to how to implement the changes,
32 and a description of the process by which information on the
33 School Lunch Program application will be shared with the
34 county, as the local agency that determines eligibility under the
35 Medi-Cal program.

36 (3) At the option of the school, the request for consent in
37 subparagraph (B) of paragraph (1) may be modified so that the
38 parent or guardian can also consent to allowing Medi-Cal to
39 inform the school as provided in subdivision (n) of Section

1 14005.41 of the Welfare and Institutions Code when followup is
2 needed in order to complete the Medi-Cal application process.

3 (b) (1) School districts and county superintendents of schools
4 may implement a process to share information provided on the
5 School Lunch Program application with the entity designated by
6 the State Department of Health Services to make an accelerated
7 determination and with the local agency that determines
8 eligibility under the Medi-Cal program, and shall share this
9 information with those entities, if the applicant consents to that
10 sharing of information. Schools may designate, only as necessary
11 to implement this section, non-food service staff to assist in the
12 administration of free, reduced price, or paid school lunch
13 applications that have applicant consent, but only if that
14 designation does not displace or have an adverse effect on food
15 service staff. This information may be shared electronically,
16 physically, or through whatever method is determined
17 appropriate.

18 (2) If a school is aware that a child, who has been found
19 eligible for free school lunches under the National School Lunch
20 Program, and for whom the parent or guardian has consented to
21 share the information provided on the application, already has an
22 active Medi-Cal or Healthy Families Program case, the
23 application shall not be processed for an accelerated
24 determination but shall be forwarded to the local agency that
25 determines eligibility under the Medi-Cal program pursuant to
26 Section 14005.41 of the Welfare and Institutions Code. The
27 school shall notify the parent or guardian of the child's
28 ineligibility for accelerated Medi-Cal due to the current
29 eligibility status and that the child's application will be
30 forwarded to the county pursuant to this section. The notice shall
31 include a statement, with contact information, advising the parent
32 or guardian to contact the Medi-Cal or Healthy Families
33 programs regarding the child's eligibility status.

34 (3) Each school district or county superintendent that chooses
35 to share information pursuant to this subdivision shall enter into
36 a memorandum of understanding with the local agency that
37 determines eligibility under the Medi-Cal program, that sets forth
38 the roles and responsibilities of each agency and the process to be
39 used in sharing the information.

1 (4) The local agency that determines eligibility under the
2 Medi-Cal program shall only use information provided by
3 applicants on the school lunch application for purposes directly
4 related to the administration of the Medi-Cal program.

5 (5) After school districts share information regarding the
6 school lunch application with the entity designated by the State
7 Department of Health Services to make an accelerated
8 determination and the local agency that determines eligibility
9 under the Medi-Cal program, for the purpose of determining
10 Medi-Cal program eligibility, the local agency and the school
11 district shall not share information about school lunch
12 participation or the Medi-Cal program eligibility information
13 with each other except as specifically authorized under
14 subdivision (n) of Section 14005.41 of the Welfare and
15 Institutions Code and other provisions of law.

16 (c) Effective July 1, 2005, the notifications and consent
17 referenced in subdivision (a) and the procedures set out in
18 subdivision (b) shall include the Healthy Families Program and
19 any relevant county- and local-sponsored health insurance
20 programs as necessary to implement Section 14005.41 of the
21 Welfare and Institutions Code.

22 (d) If a school district finds that the child is eligible for
23 reduced price or paid meals under the National School Lunch
24 Program and consent was provided as described in subdivision
25 (b), the entity designated by the State Department of Health
26 Services to make an accelerated determination shall notify the
27 parent or guardian of the child's ineligibility for an accelerated
28 Medi-Cal determination pursuant to Section 14005.41 of the
29 Welfare and Institutions Code. The notification shall include
30 information on other available health programs for which the
31 child may be eligible.

32 (e) The notifications and consent referenced in subdivision (a)
33 and the procedures set out in this section shall be modified as
34 necessary by the department, in consultation with the State
35 Department of Health Services, school districts, and
36 stakeholders, *including consumer advocates*, by February 1,
37 2007, to implement subdivisions (o) and (p) of Section 14005.41
38 of the Welfare and Institutions Code to allow children who meet
39 the income eligibility requirements for participation in either the
40 free or reduced price meal program to be processed for both an

1 accelerated determination and ongoing medical assistance upon
2 the consent and authorization of their parent or guardian.

3 SEC. 2.5. Section 123280 of the Health and Safety Code is
4 amended to read:

5 123280. (a) The department may conduct a statewide
6 program for providing nutritional food supplements to
7 low-income pregnant women, low-income postpartum and
8 lactating women, and low-income infants and children under five
9 years of age, who have been determined to be at nutritional risk
10 by a health professional, based on criteria established by the
11 department. Any program established pursuant to this section
12 shall do all of the following:

13 (1) Comply with all the requirements of this article.

14 (2) Be conducted only if a special project is authorized by
15 inclusion in the Budget Act or notification is provided to the
16 Legislature pursuant to Section 28 of the Budget Act, and federal
17 funds are appropriated therefor.

18 (3) Be known as the California Special Supplemental Nutrition
19 Program for Women, Infants, and Children.

20 (b) The department shall administer this article and shall adopt
21 minimum standards and regulations as necessary.

22 SEC. 3. Section 123290 of the Health and Safety Code is
23 amended to read:

24 123290. The department, under any program established
25 pursuant to this article, shall do all of the following:

26 (a) Establish guidelines to determine resource allocation
27 giving consideration to an area's nutritional need.

28 (b) Designate the counties within which a program will be
29 conducted, with the approval of those counties.

30 (c) Establish the minimum nutritional requirements for
31 recipients.

32 (d) Designate specific supplemental foods to meet the
33 minimum nutritional requirements for recipients.

34 (e) Develop and maintain a system for the delivery of
35 supplemental foods to recipients through the distribution of
36 supplemental foods designated in subdivision (d) and nutrition
37 coupons when other methods of delivery are impractical.

38 (f) (1) Develop and coordinate a smoking cessation
39 component of program operations, with consideration of local
40 agency plans, needs, and available tobacco education resources.

(2) In consultation with the directors of local agencies and with other individuals with expertise in the field of smoking cessation, identify and promulgate a strategy for smoking cessation in the state plan of operation and administration of the WIC program, including, but not limited to, all of the following:

(A) Designating an agency staff member to coordinate smoking cessation efforts.

(B) Providing training on smoking cessation and tobacco education to designated staff members of local agencies who are responsible for counseling participants in the program.

(3) Develop and implement procedures to ensure that tobacco use screening and education, including, but not limited to, smoking cessation counseling and referrals where appropriate, are offered to all participants.

(g) (1) Establish guidelines and criteria to be used by participating local agencies, when determining recipient eligibility, that require, in addition to a recipient being a low-income pregnant woman, or a low-income postpartum and lactating woman, or a low-income infant or child under five years of age, that the recipient be at nutritional risk.

(2) A health professional on the staff of the local agency shall determine if a person is at nutritional risk through a medical or nutritional assessment. This determination may be based on referral data submitted by a health professional not on the staff of the local agency. The person's height or length and weight shall be measured, and a hematological test for anemia, such as a hemoglobin or hematocrit test, shall be performed. However, the tests shall not be required for infants under six months of age. In addition, the blood test shall not be required for children who were determined to be within the normal range at their last program certification. However, the blood test shall be performed on the children at least once a year. A breastfeeding woman may be certified if the child she is breastfeeding is determined to be at nutritional risk and the woman meets the income eligibility criteria.

(h) Operate the program as an adjunct to existing health services, which shall include, but shall not be limited to, all of the following:

(1) Develop, in consultation with local agencies, an electronic application system that utilizes the real-time electronic

1 connection to the state eligibility database developed pursuant to
2 subdivision (b) of Section 14011.7 of the Welfare and
3 Institutions Code to allow children, with consent, to request an
4 accelerated determination for the California Healthy Kids
5 Program and apply for ongoing medical assistance, pursuant to
6 Section 14005.43 of the Welfare and Institutions Code, utilizing
7 information provided for application to the California WIC
8 program.

9 (2) Protect and safeguard the privacy and confidentiality of
10 applicants and of enrollees. Information and documentation
11 about an applicant or enrollee shall not be used, shared, or
12 disclosed except to determine eligibility for the California
13 Healthy Kids Program or for activities connected to California
14 Healthy Kids Insurance Program administration, including
15 outreach and followup. Disclosure of, or access to, information
16 concerning California Healthy Kids Insurance Program
17 applicants or enrollees shall be restricted to persons or agency
18 representatives who are subject to standards of privacy and
19 confidentiality that are no less protective than those required by
20 Section 12693.984 of the Insurance Code.

21 (3) Encourage local agencies to participate in and utilize the
22 electronic application system.

23 (i) Seek federal funds to carry out this article.

24 SEC. 4. Section 12693.22 is added to the Insurance Code, to
25 read:

26 12693.22. Notwithstanding any other provision of law, the
27 board shall implement changes to the program enacted pursuant
28 to sections of the act that added this section during the 2005-06
29 Regular Session of the Legislature and require expenditure of
30 state funds only to the extent that funds are appropriated for the
31 purposes of that act in the annual Budget Act or in another
32 statute. To the extent that funds are appropriated for only a
33 portion of the changes enacted pursuant to that act, the board
34 shall implement those changes for which funds are appropriated.

35 SEC. 5. Section 12693.415 is added to the Insurance Code, to
36 read:

37 12693.415. (a) The board shall consult and coordinate with
38 the State Department of Health Services, the California Healthy
39 Kids Expert Panel, and other stakeholders, *including consumer*
40 *advocates*, in implementing an electronic application system that

utilizes the real-time electronic connection to the state eligibility database developed pursuant to subdivision (b) of Section 14011.7 of the Welfare and Institutions Code and adopted pursuant to Section 14005.43 of the Welfare and Institutions Code. The board *and the State Department of Health Services* shall accept the electronic application provided for in Section 14005.43 of the Welfare and Institutions Code as an application for the California Healthy Kids Program. The accelerated determination shall be administered by the State Department of Health Services to provide full-scope benefits pursuant to Medi-Cal program requirements, at no cost to the applicant.

(b) If the board determines that one or more amendments to the State Child Health Plan are necessary to ensure federal financial participation in the provisions of this section, the board shall prepare and submit necessary requests for the plan amendments to the federal government.

(c) This section shall become operative on July 1, 2007.

~~SEC. 6. Section 12693.444 is added to the Insurance Code, to read:~~

~~12693.444. The board shall establish an additional tier for the family contribution amount required for children with family incomes between 250 and 300 percent of the federal poverty level.~~

SEC. 6. Section 12693.43 of the Insurance Code is amended to read:

12693.43. (a) Applicants applying to the purchasing pool shall agree to pay family contributions, unless the applicant has a family contribution sponsor. Family contribution amounts consist of the following two components:

(1) The flat fees described in subdivision (b) or (d).

(2) Any amounts that are charged to the program by participating health, dental, and vision plans selected by the applicant that exceed the cost to the program of the highest cost Family Value Package in a given geographic area.

(b) In each geographic area, the board shall designate one or more Family Value Packages for which the required total family contribution is:

(1) Seven dollars (\$7) per child with a maximum required contribution of fourteen dollars (\$14) per month per family for

1 applicants with annual household incomes up to and including
2 150 percent of the federal poverty level.

3 (2) Nine dollars (\$9) per child with a maximum required
4 contribution of twenty-seven dollars (\$27) per month per family
5 for applicants with annual household incomes greater than 150
6 percent and up to and including 200 percent of the federal
7 poverty level and for applicants on behalf of children described
8 in clause (ii) of subparagraph (A) of paragraph (6) of subdivision
9 (a) of Section 12693.70.

10 (3) On and after July 1, 2005, fifteen dollars (\$15) per child
11 with a maximum required contribution of forty-five dollars (\$45)
12 per month per family for applicants with annual household
13 income to which subparagraph (B) of paragraph (6) of
14 subdivision (a) of Section 12693.70 is applicable.
15 Notwithstanding any other provision of law, if an application
16 with an effective date prior to July 1, 2005, was based on annual
17 household income to which subparagraph (B) of paragraph (6) of
18 subdivision (a) of Section 12693.70 is applicable, then this
19 subparagraph shall be applicable to the applicant on July 1, 2005,
20 unless subparagraph (B) of paragraph (6) of subdivision (a) of
21 Section 12693.70 is no longer applicable to the relevant family
22 income. The program shall provide prior notice to any applicant
23 for currently enrolled subscribers whose premium will increase
24 on July 1, 2005, pursuant to this subparagraph and, prior to the
25 date the premium increase takes effect, shall provide that
26 applicant with an opportunity to demonstrate that subparagraph
27 (B) of paragraph (6) of subdivision (a) of Section 12693.70 is no
28 longer applicable to the relevant family income.

29 (4) *On and after July 1, 2006, twenty-three dollars (\$23) per*
30 *child with a maximum required contribution of sixty-nine dollars*
31 *(\$69) per month per family for applicants with annual household*
32 *incomes greater than 250 percent and up to and including 300*
33 *percent of the federal poverty level.*

34 (c) Combinations of health, dental, and vision plans that are
35 more expensive to the program than the highest cost Family
36 Value Package may be offered to and selected by applicants.
37 However, the cost to the program of those combinations that
38 exceeds the price to the program of the highest cost Family Value
39 Package shall be paid by the applicant as part of the family
40 contribution.

(d) The board shall provide a family contribution discount to those applicants who select the health plan in a geographic area that has been designated as the Community Provider Plan. The discount shall reduce the portion of the family contribution described in subdivision (b) to the following:

(1) A family contribution of four dollars (\$4) per child with a maximum required contribution of eight dollars (\$8) per month per family for applicants with annual household incomes up to and including 150 percent of the federal poverty level.

(2) Six dollars (\$6) per child with a maximum required contribution of eighteen dollars (\$18) per month per family for applicants with annual household incomes greater than 150 percent and up to and including 200 percent of the federal poverty level and for applicants on behalf of children described in clause (ii) of subparagraph (A) of paragraph (6) of subdivision (a) of Section 12693.70.

(3) On and after July 1, 2005, twelve dollars (\$12) per child with a maximum required contribution of thirty-six dollars (\$36) per month per family for applicants with annual household income to which subparagraph (B) of paragraph (6) of subdivision (a) of Section 12693.70 is applicable. Notwithstanding any other provision of law, if an application with an effective date prior to July 1, 2005, was based on annual household income to which subparagraph (B) of paragraph (6) of subdivision (a) of Section 12693.70 is applicable, then this subparagraph shall be applicable to the applicant on July 1, 2005, unless subparagraph (B) of paragraph (6) of subdivision (a) of Section 12693.70 is no longer applicable to the relevant family income. The program shall provide prior notice to any applicant for currently enrolled subscribers whose premium will increase on July 1, 2005, pursuant to this subparagraph and, prior to the date the premium increase takes effect, shall provide that applicant with an opportunity to demonstrate that subparagraph (B) of paragraph (6) of subdivision (a) of Section 12693.70 is no longer applicable to the relevant family income.

(4) *On and after July 1, 2006, twenty dollars (\$20) per child with a maximum required contribution of sixty dollars (\$60) per month per family for applicants with annual household incomes greater than 250 percent and up to and including 300 percent of the federal poverty level.*

1 (e) Applicants, but not family contribution sponsors, who pay
2 three months of required family contributions in advance shall
3 receive the fourth consecutive month of coverage with no family
4 contribution required.

5 (f) Applicants, but not family contribution sponsors, who pay
6 the required family contributions by an approved means of
7 electronic fund transfer shall receive a 25-percent discount from
8 the required family contributions.

9 (g) It is the intent of the Legislature that the family
10 contribution amounts described in this section comply with the
11 premium cost sharing limits contained in Section 2103 of Title
12 XXI of the Social Security Act. If the amounts described in
13 subdivision (a) are not approved by the federal government, the
14 board may adjust these amounts to the extent required to achieve
15 approval of the state plan.

16 (h) The adoption and one readoption of regulations to
17 implement paragraph (3) of subdivision (b) and paragraph (3) of
18 subdivision (d) shall be deemed to be an emergency and
19 necessary for the immediate preservation of public peace, health,
20 and safety, or general welfare for purposes of Sections 11346.1
21 and 11349.6 of the Government Code, and the board is hereby
22 exempted from the requirement that it describe specific facts
23 showing the need for immediate action and from review by the
24 Office of Administrative Law. For purpose of subdivision (e) of
25 Section 11346.1 of the Government code, the 120-day period, as
26 applicable to the effective period of an emergency regulatory
27 action and submission of specified materials to the Office of
28 Administrative law, is hereby extended to 180 days.

29 SEC. 7. Section 12693.445 is added to the Insurance Code, to
30 read:

31 12693.445. (a) An eligible child may be enrolled in the
32 program prior to payment of the required family contribution.
33 The board shall send a statement for the amount due after
34 enrollment.

35 (b) Families shall have the option to pay for one year of
36 Healthy Families premiums in advance in order to receive a
37 discount of 25 percent for the total year premium amount.

38 (c) The board shall expand and extend the number of premium
39 payment sites and shall consult with the California Healthy Kids
40 Expert Panel and local children's health initiatives and other

1 stakeholders, *including consumer advocates*, on suggested
2 additional payment site locations.

3 SEC. 8. Section 12693.702 is added to the Insurance Code, to
4 read:

5 12693.702. (a) Notwithstanding any other provision of law
6 and irrespective of the differences in financial eligibility
7 standards and methodologies, upon proof of current enrollment in
8 any of the programs listed in paragraphs (1) to (3), inclusive, the
9 board and the department shall use an income eligibility
10 determination made by the listed programs to determine the
11 child's income eligibility for the California Healthy Kids
12 Insurance Program and to establish the child's percent of ~~the~~
13 ~~federal~~ poverty level *as defined in Section 50041.5 of Title 22 of*
14 *the California Code of Regulations*:

15 (1) The California Special Supplemental Nutrition Program
16 for Women, Infants, and Children as provided for in Article 2
17 (commencing with Section 123275) of Chapter 1 of Part 2 of
18 Division 106 of the Health and Safety Code.

19 (2) The National School Lunch Program (NSLP) as provided
20 for pursuant to Chapter 13 (commencing with Section 1751) of
21 Title 42 of the United States Code.

22 (3) The Food Stamp Program as provided for pursuant to
23 Chapter 51 (commencing with Section 2011) of Title 7 of the
24 United States Code.

25 (b) The board and the department shall accept the children's
26 program's documentation as reliable for purposes of satisfying
27 any documentation requirements for the California Healthy Kids
28 Insurance Program and, if the eligibility determination pursuant
29 to this section does not establish eligibility for the California
30 Healthy Kids Insurance Program, for purposes of determining
31 eligibility for medical assistance on all other available grounds.

32 (c) The board and the department shall apply this section to
33 income eligibility determinations and documentation from any
34 other children's programs that may be added in the future to the
35 list set forth in subdivision (a).

36 (d) Nothing in this section shall be construed to authorize
37 denial of benefits through the California Healthy Kids Insurance
38 Program or other program to a child who, without the application
39 of this section, would qualify for those benefits or to relieve the

1 program of the obligation to determine eligibility on other
2 grounds.

3 ~~SEC. 9. It is the intent of the Legislature to provide affordable~~
4 ~~options for purchase of health care coverage to uninsured~~
5 ~~children with family incomes in excess of 300 percent of the~~
6 ~~federal poverty level. These options would include the~~
7 ~~opportunity to purchase coverage from the commercial health~~
8 ~~insurance options available in their area, and from the Healthy~~
9 ~~Families plans, and the Healthy Families plans would be~~
10 ~~available for purchase at full premium cost.~~

11 SEC. 10. Section 12693.73 of the Insurance Code is amended
12 to read:

13 12693.73. Notwithstanding any other provision of law,
14 children excluded from coverage under Title XXI of the Social
15 Security Act are not eligible for coverage under the program,
16 except as specified in clause (ii) of subparagraph (A) of
17 paragraph (6) of subdivision (a) of Section 12693.70, Section
18 12693.76, and Section 12693.9913.

19 SEC. 10.5. Section 12693.98 of the Insurance Code is
20 amended to read:

21 12693.98. (a) (1) The Medi-Cal-to-Healthy Families
22 Seamless Bridge Benefits Program is hereby established to
23 provide any child who meets the criteria set forth in subdivision
24 (b) with continuing health care benefits until the board has made
25 a Healthy Families Program eligibility determination.

26 (2) The Medi-Cal-to-Healthy Families Seamless Bridge
27 Benefits Program shall be administered by the board.

28 (b) (1) Any child who meets all of the following requirements
29 shall be eligible for health benefits under the
30 Medi-Cal-to-Healthy Families Seamless Bridge Benefits
31 Program:

32 (A) He or she has been receiving, but is no longer eligible for,
33 full-scope Medi-Cal benefits without a share of cost.

34 (B) He or she is eligible for full-scope Medi-Cal benefits with
35 a share of cost.

36 (C) He or she is under 19 years of age at the time he or she is
37 no longer eligible for full-scope Medi-Cal benefits without a
38 share of cost.

39 (D) He or she has family income at or below 300 percent of
40 the federal poverty level.

(E) He or she is not otherwise excluded under the definition of targeted low-income child under subsections (b)(1)(B)(ii), (b)(1)(C), and (b)(2) of Section 2110 of the Social Security Act (42 U.S.C. Secs. 1397jj(b)(1)(B)(ii), 1397jj(b)(1)(C), and 1397jj(b)(2)).

(2) The benefits under this chapter shall begin on the first day of the month following the last day of the receipt of benefits without a share of cost and shall continue until the board has made an eligibility determination for Healthy Families benefits, at which point the board shall either enroll the child in Healthy Families benefits with no interruption in coverage to the child, or the child's seamless bridge benefits shall be terminated in accordance with ~~the seamless bridge benefits~~ due process requirements.

(c) The income methodology for determining a child's family income, as required by paragraph (1) of subdivision (b) shall be the same methodology used in determining a child's eligibility for the full scope of Medi-Cal benefits.

(d) The scope of Healthy Families benefits provided under this chapter shall be identical to the scope of benefits that the child was receiving under the Medi-Cal program without a share of cost.

(e) The Healthy Families benefits provided under this chapter shall only be made available through a Medi-Cal provider or under a Medi-Cal managed care arrangement or contract.

(f) This section shall become inoperative if an unappealable court decision or judgment determines that either of the following apply:

(1) The provisions of this section are unconstitutional under the United States Constitution or the California Constitution.

(2) The provisions of this section do not comply with the State Children's Health Insurance Program, as set forth in Title XXI of the Social Security Act.

(g) If the State Child Health Insurance Program waiver described in Section 12693.755 is approved, and at the time the waiver is implemented, the benefits described in this section shall also be available to persons who meet the eligibility requirements of the program and are parents of, or, as defined by the board, adults responsible for, children enrolled to receive coverage

1 under this part or enrolled to receive full-scope Medi-Cal
2 services with no share of cost.

3 (h) Effective July 1, 2006, the department, the counties, and
4 the board may transfer a family's case file and other eligibility
5 information, solely for the purposes of transferring a child's
6 eligibility between Medi-Cal and Healthy Families, without
7 seeking the family's consent.

8 SEC. 11. Section 12693.981 of the Insurance Code is
9 amended to read:

10 12693.981. (a) (1) The Healthy Families-to-Medi-Cal
11 Seamless Bridge Benefits Program is hereby established to
12 provide any person enrolled for coverage under this part who
13 meets the criteria set forth in subdivision (b) with continuing
14 health care benefits until a Medi-Cal eligibility determination has
15 been made.

16 (2) The Healthy Families-to-Medi-Cal Seamless Bridge
17 Benefits Program shall be administered by the board.

18 (b) (1) Any person who meets all of the following
19 requirements shall be eligible for *the* Healthy
20 Families-to-Medi-Cal Seamless Bridge—~~benefits~~ *Benefits*
21 *Program*:

22 (A) He or she has been receiving, but is no longer eligible for,
23 benefits under the Healthy Families Program.

24 (B) He or she appears to be income eligible for full-scope
25 Medi-Cal benefits without a share of cost.

26 (2) The benefits under this chapter shall begin on the first day
27 of the month following the last day of the person's eligibility for
28 benefits under the Healthy Families Program and shall continue
29 until an eligibility determination is made, at which point the
30 person shall be either enrolled in Medi-Cal with no interruption
31 in coverage or the seamless bridge benefits shall be terminated in
32 accordance with due process requirements.

33 (c) The scope of Medi-Cal benefits provided under this
34 chapter shall be identical to the scope of benefits that the person
35 was receiving under the Healthy Families Program.

36 (d) The board shall not require the payment of premiums by
37 persons receiving bridge benefits under this section.

38 (e) This section shall become inoperative if an unappealable
39 court decision or judgment determines that either of the
40 following apply:

1 (1) The provisions of this section are unconstitutional under
2 the United States Constitution or the California Constitution.

3 (2) The provisions of this section do not comply with the State
4 Children's Health Insurance Program, as set forth in Title XXI of
5 the federal Social Security Act.

6 (f) Effective July 1, 2006, the department, the counties, and
7 the board may transfer a family's case file and other eligibility
8 information solely for the purposes of transferring a child's
9 eligibility between Medi-Cal and Healthy Families, without
10 seeking the family's consent.

11 SEC. 12. Section 12693.983 is added to the Insurance Code,
12 to read:

13 12693.983. The board shall adopt regulations to implement
14 the Medi-Cal to Healthy Families Accelerated Enrollment
15 program established under Section 14011.65 of the Welfare and
16 Institutions Code. If the board determines that one or more
17 amendments to the State Child Health Plan are necessary to
18 ensure full federal financial participation in the provisions of the
19 program, the board shall prepare and submit requests for the plan
20 amendments to the federal government.

21 SEC. 12.5. Section 12693.984 is added to the Insurance
22 Code, to read:

23 12693.984. (a) The board shall strictly protect and safeguard
24 the privacy and confidentiality of applicants and enrollees of the
25 Healthy Families Program.

26 (b) Information and documentation about an applicant or
27 enrollee shall not be used, shared, or disclosed except for the
28 following purposes:

29 (1) Determining eligibility for Healthy Families.

30 (2) Making referrals to Medi-Cal.

31 (3) Activities strictly connected to Healthy Families Program
32 administration.

33 (c) Disclosure of, or access to, information concerning Healthy
34 Families applicants or enrollees shall be restricted as provided in
35 this section to persons or agency representatives who are subject
36 to standards of privacy and confidentiality that are no less
37 protective than those required by this section.

38 (d) This section shall apply to all requests to the Healthy
39 Families Program for information from outside sources,

including but not limited to, governmental bodies, the courts, or law enforcement officials.

SEC. 13. Chapter 17 (commencing with Section 12693.99) is added to Part 6.2 of Division 2 of the Insurance Code, to read:

CHAPTER 17. CALIFORNIA HEALTHY KIDS INSURANCE
PROGRAM

12693.99. (a) The California Healthy Kids Insurance Program is hereby created. The Managed Risk Medical Insurance Board and the State Department of Health Services shall continue to administer the Healthy Families and Medi-Cal programs, respectively, in accordance with all existing requirements. The board and department shall coordinate their respective administration of each program under a joint partnership entitled the California Healthy Kids Insurance Program that provides health care coverage for all eligible children, which shall consist of and incorporate by this reference all of the provisions of the California Healthy Families Insurance Program (Part 6.2 (commencing with Section 12693) of Division 2 of the Insurance Code) and of the Medi-Cal program (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code) unless otherwise provided by this chapter. The provisions of the Medi-Cal program (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code), including, but not limited to, the confidentiality and privacy protections set forth in Section 14100.2 of the Welfare and Institutions Code, apply to all children applying for and enrolled in the California Healthy Kids Insurance Program.

(b) The administering agencies shall operate the California Healthy Kids Insurance Program in a coordinated and seamless manner with respect to the persons intended to be covered. Both administering agencies shall coordinate enrollment, renewal, eligibility, and outreach, and shall assign clear lines of responsibility for all associated agency activities with enforceable accountability. A child enrolled in either the Healthy Families Program or the Medi-Cal program shall be deemed to be enrolled in the California Healthy Kids Insurance Program. It is the intent of the Legislature that from the child's perspective

1 there shall only be a single program, even if the details are
2 handled by two programs, agencies, and funding sources.

3 (c) As used in this chapter, “California Healthy Kids Insurance
4 Program” shall be deemed to refer jointly to the Healthy Families
5 Program for children under 19 years of age and the portions of
6 the Medi-Cal program that provides health care coverage to
7 persons under 19 years of age, and “administering agencies”
8 shall be deemed to refer to the board or department, as
9 applicable. Implementation of duties and responsibilities of the
10 California Healthy Kids Insurance Program shall be the
11 responsibility of the board, to the extent that the duties and
12 responsibilities relate to the Healthy Families Program, or the
13 State Department of Health Services, to the extent that the duties
14 and responsibilities relate to the Medi-Cal program.
15 Implementation of duties and responsibilities that require the
16 participation of both agencies shall be done jointly, as
17 coordinated between them by agreement.

18 12693.9901. (a) The California Healthy Kids Expert Panel is
19 hereby established to guide the board and the State Department
20 of Health Services in the design and implementation of the
21 California Healthy Kids Insurance Program and to identify issues
22 and solutions to ensure efficient and effective ongoing
23 operations, particularly relating to the coordination among
24 Medi-Cal and Healthy Families programs and local outreach and
25 enrollment partners.

26 (b) The California Healthy Kids Expert Panel shall advise the
27 board and the State Department of Health Services on the
28 California Healthy Kids Insurance Program. The panel shall
29 consist of 15 members with expertise in children’s health and
30 health insurance, and shall include representatives from health
31 care providers, including physicians and public hospitals, health
32 plans, consumer advocates, including those representing specific
33 populations, local children’s health initiatives, school and
34 business communities, county agencies, and other stakeholders.
35 The Senate Committee on Rules, the Speaker of the Assembly,
36 and the Governor shall each appoint five members to the panel.
37 The panel shall meet at least quarterly and shall reside in the
38 State Department of Health Services.

39 (c) The Managed Risk Medical Insurance Board shall be
40 increased by one member, who shall be a member of the

1 California Healthy Kids Expert Panel, selected by the members
2 of the panel.

3 12693.9902. The California Healthy Kids Expert Panel shall
4 evaluate and make recommendations to ensure smooth and
5 effective enrollment processes in the California Healthy Kids
6 Insurance Program, including, but not limited to, the Single Point
7 of Entry, Healthy Families Program and county Medi-Cal
8 eligibility determinations, and local enrollment activities.
9 Recommendations shall emphasize improvements and standards
10 to ensure that children can easily enroll in a timely manner,
11 enrollment determinations are accurate with a clear and timely
12 appeals process, enrollment processes are well coordinated
13 between local, county, and centralized systems, and children are
14 able to retain their coverage. The governing agencies shall
15 review, respond to, and consider implementation of the panel's
16 recommendations. If either or both governing agencies reject any
17 of the panel's recommendations, the rejecting agency shall
18 submit a report to the panel and to the Legislature outlining the
19 reasons it will not implement the panel's recommendations.

20 12693.9906. In determining eligibility for the California
21 Healthy Kids Insurance Program, the department and the board
22 shall request documentation and shall verify information only to
23 the extent necessary to determine eligibility and only to the
24 extent required by federal law. Every child enrolled in *the*
25 California Healthy Kids Insurance Program shall continue to
26 receive benefits until proven ineligible or unless there is a failure
27 to pay premiums where applicable.

28 12693.9908. (a) From funds available for that purpose, the
29 board, in consultation with the State Department of Health
30 Services, shall award local enrollment investment grants for local
31 strategies involving California Healthy Kids Insurance Program
32 enrollment, retention, and utilization of health care. Grants shall
33 be made available to existing and new countywide or regional
34 children's health initiative coalitions that include an array of
35 local organizations and agencies, ~~such as First 5 California~~
36 ~~commissions, health plans and county organized health systems,~~
37 ~~schools, child care providers, community-based and nonprofit~~
38 ~~faith-based organizations (subject to Section 4 of Article I and~~
39 ~~Section 5 of Article XVI of the California Constitution, state and~~
40 ~~federal civil rights law, and the First Amendment to the United~~

1 ~~States Constitution), clinics, health care providers, local unions,~~
2 ~~local businesses, and county social service and health agencies.~~
3 For purposes of applying for and receiving these grants, the
4 children's health initiative coalitions shall designate a fiscal
5 agent. Local and regional community-based organizations shall
6 also be eligible for these grants, particularly in regions where
7 comprehensive coalitions are not established. Supplemental grant
8 amounts shall be available for countywide coalitions or regions
9 that contribute local funding for enrollment, retention, and access
10 strategies through the coalition.

11 (b) The California Healthy Kids Expert Panel shall develop
12 recommendations to the California Healthy Kids Insurance
13 Program for the specific objectives, criteria, and structure of the
14 local enrollment investment grants, with the principal goals of
15 promoting local innovations and strategies for increasing
16 children's health insurance enrollment and retention and health
17 care access. The governing agencies of the California Healthy
18 Kids Insurance Program shall review, respond to, and consider
19 implementation of the panel's recommendations.

20 (c) Each local children's health initiative coalition or
21 organization awarded a grant shall submit a plan every other year
22 to the board of its proposed strategies to promote outreach,
23 enrollment, retention in health insurance, and access to health
24 care. These activities may include, but are not limited to, the
25 following: one application technology, application assistance
26 training and certification, a system for administering enrollment
27 fees to application assistants, grants to community-based
28 organizations for enrollment and retention assistance, application
29 assistance at schools, implementing "express lane" strategies
30 through school lunch, food stamps, WIC, and other programs,
31 health care access education, coordinated retention strategies, "no
32 wrong door" strategies, and improvement to data collection and
33 reporting systems.

34 (d) Local children's health initiative coalitions shall submit a
35 plan for an interim evaluation after one year and conduct a full
36 evaluation after two years. The evaluation shall include outcome
37 measures such as the number of children enrolled in health
38 insurance, the percentage of children retained after one year, if
39 available, the number of children receiving enrollment assistance
40 who were denied coverage and the reasons why, and documented

performance improvements in the number of children accessing and remaining in health care coverage. The evaluation should document problems children face in enrolling, staying enrolled, or accessing care, with recommendations for improving the California Healthy Kids Insurance Program.

12693.9909. (a) The California Healthy Kids Insurance Program shall enable local children's health initiatives to create their own premium hardship funds or sponsorship programs to help children in their region to pay required premiums for enrollment in the California Healthy Kids Insurance Program. The governing agencies shall develop a mechanism for communicating with local children's health initiative coalitions, with the families consent, about children's premium payments.

(b) The California Healthy Kids Insurance Program shall enable counties and regions of multiple counties to have the option to buy or partially subsidize Healthy Families Program coverage for children with family incomes above 300 percent of the federal poverty level and to seek federal financial participation, to the extent available.

12693.9910. The California Healthy Kids Insurance Program shall accept, review, and approve within broad standards local children's health initiative demonstration projects to test new innovations in enrollment technology, integrated insurance programs, enrollment and retention processes and strategies, and voluntary employer coverage participation strategies.

12693.9911. The California Healthy Kids Insurance Program, in conjunction with local children's health initiatives, shall develop strategies for partnerships between the program and the local children's health initiatives to help children retain their California Healthy Kids Insurance Program health care coverage, including processes for sharing address updates and for notifying local children's health initiatives when children in their area are at risk of losing coverage.

12693.9912. (a) The California Healthy Kids Insurance Program shall establish, in consultation with the California Healthy Kids Expert Panel and other stakeholders, *including consumer advocates*, simplified annual renewal forms for children enrolled in the Healthy Families Program and for individuals enrolled in the Medi-Cal program, including forms prepopulated with the eligibility information and a simple

1 checkoff list for individuals to identify whether each eligibility
2 information item remains correct. The renewal form shall request
3 children and families to provide and certify with their signature
4 any changes to the prepopulated eligibility information form. The
5 California Healthy Kids Insurance Program shall establish a
6 process to allow families to renew their ~~child's~~ coverage by
7 telephone.

8 (b) The California Healthy Kids Insurance Program shall, in
9 consultation with the California Healthy Kids Expert Panel,
10 develop strategies to notify families of their child's renewal date
11 including notifications on regular communications such as
12 premium payment statements or on insurance cards.

13 (c) The California Healthy Kids Insurance Program shall
14 educate families about the legal right to transfer to lower
15 premium levels or to no-cost Medi-Cal if the child's family
16 income decreases and shall also provide that a child shall be
17 enrolled in the most beneficial program for which the child is
18 eligible. The California Healthy Kids Insurance Program shall
19 use the seamless bridge coverage programs in Sections 12693.98
20 and 12693.981 to transfer children who are eligible for a lower
21 premium tier under Healthy Families or no-cost Medi-Cal, into
22 the appropriate program. Lower premiums or no-cost coverage
23 shall begin at the point the child requests the determination. No
24 child shall be terminated from the California Healthy Kids
25 Insurance Program, once that child is enrolled, until the board or
26 the Medi-Cal agency reviews the child's eligibility for Medi-Cal
27 and Healthy Families under all possible grounds and completes
28 an eligibility redetermination for all Medi-Cal and Healthy
29 Families programs, following the procedures in Section 14005.37
30 of the Welfare and Institutions Code.

31 (d) To assist families in learning about available choices and
32 to coordinate plans and providers among all family members
33 with different sources of health insurance coverage, the
34 California Healthy Kids Insurance Program shall, in consultation
35 with the California Healthy Kids Expert Panel and other
36 interested counties, consumer advocates, and stakeholders,
37 provide information about Medi-Cal and Healthy Families plan
38 and provider options. The program shall develop and make
39 available online a coordinated listing of health plans and
40 providers for the Healthy Families Program and all Medi-Cal

managed care models and Medi-Cal fee-for-service providers for children. This coordinated listing shall include provider networks and a provider locator system to identify for families under each program which plans include their current or preferred providers. The coordinated listing shall be updated regularly and shall be available through the California Healthy Kids Insurance Program Web site and the Healthy Families Program online provider locator.

12693.9913. (a) Notwithstanding any other provision of law, all children under 19 years of age who meet the state residency requirements of the Medi-Cal or the Healthy Families Program shall be eligible for the California Healthy Kids Insurance Program if they either:

(1) Live in families with countable household income at or below 300 percent of the federal poverty level.

(2) Meet the income and resource requirements of Section 14005.7 or 14005.30 of the Welfare and Institutions Code.

(b) Children in families whose household income would render them ineligible for no-cost Medi-Cal or Medicare, and who are in compliance with Sections 12693.71 and 12693.72, shall be enrolled in the Healthy Families Program and shall also be eligible for Medi-Cal with a share of cost in accordance with Section 14005.7 of the Welfare and Institutions Code. Other children described in this section shall be enrolled in no-cost Medi-Cal.

12693.9914. Nothing in this chapter shall be construed to authorize denial of medical assistance under the Medi-Cal program (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code) to a child who, without the application of this chapter would qualify for such assistance or to relieve the California Healthy Kids Insurance Program of the obligation to determine eligibility on all available other grounds.

12693.9915. (a) (1) During the planning and development phase before the statewide California Healthy Kids Insurance Program is implemented, the local children's health insurance programs and local children's health initiative coalitions shall continue to highlight best practices that will guide the development and implementation of the statewide California Healthy Kids Insurance Program. During this planning and

1 development phase, the administering agencies and Secretary of
2 the California Health and Human Services Agency shall
3 coordinate local children's health insurance programs and local
4 children's health initiative coalitions with state and federally
5 funded programs such as the emergency Medi-Cal program and
6 the Child Health ~~Disability~~ *and and Disability* Prevention
7 Program and CHDP Gateway Program so that local funds do not
8 replace but augment existing state and federally funded programs
9 and services. Such coordination shall begin upon enactment.

10 (2) The local children's health insurance programs shall pilot
11 financing options that seek to leverage state and federal funding
12 and help shape the statewide California Healthy Kids Insurance
13 Program financing strategy. If funds are available during this
14 planning and development phase, the state may provide local
15 children's health insurance programs that meet eligibility,
16 benefit, cost sharing and quality assurance standards, established
17 by the board in consultation with the department and the
18 California Healthy Kids Expert Panel, with funds to match local
19 funding to cover premiums based on a percentage of the Healthy
20 Families Community Provider Plan rate.

21 (b) (1) During the transition phase, which is the period after
22 implementation of the California Healthy Kids Insurance
23 Program has begun but before the program is fully implemented,
24 the board, in consultation with the State Department of Health
25 Services and the California Healthy Kids Expert Panel, shall
26 approve local pilot programs proposed and created by local
27 children's health insurance programs and local children's health
28 initiative coalitions *on or after January 1, 2001*, that have local
29 financing to support either a local children's coverage expansion
30 program or a children's coverage expansion through the Healthy
31 Families Program or the Medi-Cal program. These local pilot
32 programs would qualify for phased in state funds, subject to
33 availability, and for federal funds, if applicable, to match local
34 funding. The pilot programs that are based on local children's
35 coverage expansion programs shall meet standards established by
36 the board in consultation with the department and the California
37 Healthy Kids Expert Panel, including eligibility, comprehensive
38 benefits, affordable cost sharing, and quality assurance.

39 (2) Local pilot programs shall model features such as
40 simplified, automated, and coordinated enrollment and retention

processes, integrated safety net or local providers, employer participation opportunities, and leveraged funding for children's coverage programs.

(3) Local programs with local funding may pilot broader coverage expansions, such as young adults and higher income children and adults.

(c) The pilot programs shall be tracked and independently evaluated with private funding to identify best practices for implementation in both urban and rural areas. The administering agencies in consultation with the California Healthy Kids Expert Panel shall consider the pilot project findings in making recommendations on implementation features of the California Healthy Kids Insurance Program.

(d) Once the California Healthy Kids Insurance Program is operational statewide, there shall be a period of time during which local pilot programs, subject to specified criteria, will receive state matching funds while transitioning to the statewide program. Children enrolled in or eligible for local children's health programs shall be eligible for either the Medi-Cal program or the Healthy Families Program, as authorized in this chapter.

(e) (1) The transition shall provide an automatic rollover for children enrolled in the local children's health insurance programs into their existing health plan under the Medi-Cal program or the Healthy Families Program, if the health plan is a participating plan in the program under which the child qualifies.

(2) For good cause, or upon the child's next annual renewal, children may switch plans or otherwise remain in their existing plan.

(f) After the transition period and once the California Healthy Kids Insurance Program is fully operational statewide, counties have the option to support coverage under the California Healthy Kids Insurance Program, but county funding shall not be required to support children's coverage under the California Healthy Kids Insurance Program.

12693.9916. (a) The board, in consultation with the California Healthy Kids Expert Panel, shall establish a pilot research demonstration project to test effective strategies and gather data about the impact of specific efforts to increase coverage for uninsured children in families with incomes above 300 percent of the federal poverty level. The pilot research

1 *demonstrations shall be designed to provide opportunities for*
2 *families with family incomes above 300 percent of the federal*
3 *poverty level to purchase affordable health insurance through*
4 *private purchasing pools or public health insurance programs*
5 *for their uninsured children. The pilot demonstration projects*
6 *shall operate in up to four local areas for a period of two to three*
7 *years.*

8 *(b) The pilot demonstration projects shall be designed in the*
9 *following manner:*

10 *(1) The pilots shall identify and test strategies that minimize*
11 *the potential risks of adverse selection and crowd-out. Those*
12 *strategies may include, but shall not be limited to, the following:*
13 *preenrollment and reenrollment waiting periods, and*
14 *differentiated premium schedules.*

15 *(2) Coverage extension shall be offered at full cost to children*
16 *enrolled in Healthy Families who would otherwise lose coverage*
17 *due to increased family income.*

18 *(3) The pilots may also have enrollment caps or enrolment cap*
19 *triggers and analysis shall assess the characteristics of children*
20 *on the waiting lists.*

21 *(4) To offset the risk of adverse selection, the pilots shall*
22 *include a carveout of CCS-eligible conditions.*

23 *(5) The pilots shall consider administrative efficiency and*
24 *maximize the use of existing infrastructures. The pilots may build*
25 *on existing local child health insurance programs or existing*
26 *commercial insurance options or purchasing pools.*

27 *(6) In choosing pilot sites, the demonstration projects shall*
28 *consider the diverse local environments in the state. The design*
29 *shall consider rural-urban differences, the local managed care*
30 *and provider networks, the proportion of uninsured children in*
31 *the county, the stability of premiums and health care costs, the*
32 *availability of group coverage, and previous experiences with*
33 *child health insurance expansion programs.*

34 *(7) Each pilot shall collect and produce data and be evaluated*
35 *to determine its success in increasing coverage for uninsured*
36 *higher-income children, crowd-out, adverse selection, and*
37 *affordability.*

38 *(c) Local children's health insurance programs proposing*
39 *coverage expansion projects under paragraph (3) of subdivision*

(b) of Section 12693.9915 may also be included in the pilot demonstration projects under this section.

(d) The board shall seek private funding to support all or part of the design, implementation, and evaluation of the pilot demonstration projects under this section.

(e) The board, in consultation with the California Healthy Kids Expert Panel, shall report the findings of the pilot demonstrations and make recommendations to the Legislature on effective strategies for statewide implementation.

~~12693.9916.~~

12693.9917. Notwithstanding any other provision of law, this chapter shall be implemented to the extent that funds are appropriated for purposes of the chapter in the annual Budget Act or in another statute. To the extent that funds are appropriated for only a portion of the provisions enacted pursuant to this chapter, the board shall implement those provisions for which funds are appropriated.

12693.9918. (a) In consultation with the California Healthy Kids Expert Panel, the board shall develop materials to inform small businesses in California with two to 50 employees of opportunities to purchase insurance from existing purchasing pools, such as Pac Advantage. The board shall provide these outreach materials to the Department of General Services, which shall disseminate this material through existing communications with employers, including, but not limited to, department Internet Web sites, department small business outreach events, and communications from the department's procurement division and the department's Office of Small Business and Disabled Veteran Business Enterprise Certification. The board shall also provide these outreach materials to the Employment Development Department, which shall disseminate this material through existing communications with employers, including, but not limited to, the Internet Web site of that department, seminars sponsored by that department for employers, communications with employers advisory councils, and newsletters sent to employers.

(b) The California Health and Human Services Agency shall establish and convene, in conjunction with the Secretary of Labor and Workforce Development and the Secretary of Business, Transportation and Housing, a task force to explore

1 *and identify viable policy options for increasing employer health*
2 *care coverage of children in California, consistent with the goals*
3 *of the California Healthy Kids Program. Task force members*
4 *shall include, but not be limited to, employers, business*
5 *organization representatives, labor union representatives,*
6 *consumer advocates, health care providers, health plans, county*
7 *representatives, and legislative staff. The Senate Committee on*
8 *Rules, the Speaker of the Assembly, and the Governor shall each*
9 *appoint five members to the task force.*

10 *(c) The employer participation options considered and*
11 *recommended by the task force shall take into account the*
12 *following criteria:*

13 *(1) Promote voluntary employer and employee participation in*
14 *children's health care coverage.*

15 *(2) Leverage employer dollars for covering insured children.*

16 *(3) Maintain tax incentives for employer-sponsored insurance.*

17 *(4) Maximize federal dollars.*

18 *(5) Offer affordable and efficient coverage for families,*
19 *employers, and the state.*

20 *(6) Ensure that employer participation strategies offer*
21 *comprehensive health benefits for children.*

22 *(7) Coordinate with existing public programs to promote*
23 *efficiency in operation.*

24 *(8) Do not undermine existing employer-paid dependent*
25 *coverage.*

26 *(9) Balance the goal of involving employers currently not*
27 *insuring children with the goal of treating employers who*
28 *already cover dependents equitably.*

29 *(d) The task force shall develop policy recommendations to*
30 *increase employer-sponsored coverage for dependent children.*
31 *The report shall be delivered to the California Healthy Kids*
32 *Expert Panel and to the Legislature no later than January 2007.*

33 SEC. 14. (a) It is the intent of the Legislature to authorize the
34 California Healthy Kids Insurance Program to develop health
35 care coverage options for persons of the ages of 19 and 20 years
36 who are ineligible for the Healthy Families or Medi-Cal
37 programs. These coverage options may include statewide or local
38 demonstration programs, and may consist of an option for the
39 person (or a parent on the person's behalf) to purchase California
40 Healthy Kids Insurance Program coverage at full premium cost,

1 or an option for the person to maintain coverage through
2 continuation coverage when coverage would otherwise terminate
3 due to the person's age.

4 (b) It is the intent of the Legislature to expand children's
5 health care coverage by building on the shared financial
6 responsibility of individuals, employers, and the government to
7 support that coverage.

8 (c) It is the intent of the Legislature to develop strategies to
9 promote and support voluntary employer participation in
10 children's health care coverage, relative to children of
11 employees. These employer participation options shall be
12 designed to offer health insurance to children through
13 arrangements that are affordable and efficient for employers and
14 families. Particular attention shall be paid to how new
15 opportunities for employer participation would interact with
16 current practices and patterns in employer sponsored dependent
17 coverage.

18 (d) It is the intent of the Legislature to implement the
19 California Healthy Kids Insurance Program over several years to
20 provide adequate time to develop the statewide policies and
21 infrastructure, to transition effectively from local children's
22 health insurance efforts to a statewide program, and to phase in
23 implementation consistent with available resources.

24 (e) It is the intent of the Legislature that in the first two years
25 of implementation, the California Healthy Kids Expert Panel will
26 be established, program policies and systems will be developed
27 and implemented, and pilot programs will begin, subject to
28 available resources.

29 (f) It is the intent of the Legislature that in the third year of
30 implementation, all enrollment innovations and changes should
31 be operational and California Healthy Kids Insurance Program
32 enrollment will be open for newly eligible children. Newly
33 eligible children may be phased in according to age consistent
34 with available resources.

35 (g) The state already provides some coverage and pays for
36 services for uninsured children through programs such as, but not
37 limited to, CCS, FamilyPACT, Medi-Cal Minor Consent for
38 pregnancy-related care, substance abuse and alcohol and drug
39 treatment, the Child Health and Disability Prevention (CHDP)
40 Program, the CHDP Gateway Program, emergency Medi-Cal

1 coverage, and share-of-cost Medi-Cal coverage. It is the intent of
2 the Legislature that these programs be maintained under the
3 California Healthy Kids Insurance Program as well as safety net
4 financing. For the purposes of financing the California Healthy
5 Kids Insurance Program, the costs attributable to the California
6 Healthy Kids Insurance Program coverage are those additional
7 costs beyond the funding for these existing programs.

8 SEC. 15. Section 14005.23 of the Welfare and Institutions
9 Code is amended to read:

10 14005.23. (a) To the extent federal financial participation is
11 available, the department shall, when determining eligibility for
12 children under Section 1396a(l)(1)(D) of Title 42 of the United
13 States Code, designate a birth date by which all children who
14 have not attained the age of 19 years will meet the age
15 requirement of Section 1396a(l)(1)(D) of Title 42 of the United
16 States Code.

17 (b) Commencing July 1, 2006, to the extent federal financial
18 participation is available, the department shall apply the less
19 restrictive income deduction described in Section 1396a(r) of
20 Title 42 of the United States Code when determining eligibility
21 for the children identified in subdivision (a). The amount of this
22 deduction shall be the difference between 133 percent and 100
23 percent of the federal poverty level applicable to the size of the
24 family.

25 SEC. 16. Section 14005.41 of the Welfare and Institutions
26 Code is amended to read:

27 14005.41. (a) Notwithstanding any other provision of law,
28 the department shall deem to have met the income documentation
29 requirements for participation in the Medi-Cal program, without
30 a share of cost, any child who is less than six years of age and
31 who has been determined to be eligible for free meals through a
32 federally funded program using the National School Lunch
33 Program application provided for pursuant to Chapter 13
34 (commencing with Section 1751) of Title 42 of the United States
35 Code.

36 (b) Notwithstanding any other provision of law, with regard to
37 any child who is enrolled in and attending public school in the
38 State of California, the department shall accept documentation of
39 enrollment for free meals under the National School Lunch

1 Program as sufficient documentation of California residency for
2 that child for the purposes of the Medi-Cal program.

3 (c) (1) (A) Notwithstanding any other provision of law, each
4 county shall participate in a statewide pilot project to determine
5 Medi-Cal program eligibility for any child under six years of age
6 and currently enrolled in school in the State of California who is
7 eligible for free meals under the National School Lunch Program
8 upon receipt of proof of participation in the National School
9 Lunch Program and a signed Medi-Cal application, which may
10 be the supplemented application, described in subdivision (i).
11 Counties shall notify the parent or guardian of the results of the
12 eligibility determination.

13 (B) Notwithstanding any other provision of law, each county
14 shall participate in a statewide pilot project to use the procedure
15 described in this subdivision to determine Medi-Cal eligibility
16 without a share of cost, and, if eligible, shall enroll in the
17 Medi-Cal program, any child six years of age or older currently
18 enrolled in school in the State of California who is eligible for
19 free meals under the National School Lunch Program, upon
20 receipt of proof of participation in the National School Lunch
21 Program and a signed Medi-Cal application, which may be the
22 supplemented application, described in subdivision (i). If the
23 county determines from the supplemented application described
24 in subdivision (i) that the child meets the eligibility requirements
25 for participation in the Medi-Cal program, the county shall notify
26 the parent or guardian that the child has been found eligible for
27 the Medi-Cal program. If the county is unable to determine from
28 the information on the application as described in subdivision (i)
29 whether the child is eligible, the county shall contact the family
30 to seek any additional information regarding income, household
31 composition, or deductions that the department, in consultation
32 with the county welfare departments, may determine to be
33 necessary to complete the Medi-Cal application. If the county
34 determines that the child does not meet the income eligibility
35 requirements for participation in the full-scope no-cost Medi-Cal
36 program, the county shall notify the parent or guardian of the
37 determination and shall forward the school lunch application and
38 any supplemental forms as described in subdivision (i) to the
39 Healthy Families Program. If an applicant is determined to be
40 ineligible for the full-scope no-cost Medi-Cal program and for

1 the Healthy Families Program, the school lunch application and
2 any supplemental forms as described in subdivision (i) shall be
3 forwarded to a county- or local-sponsored health insurance
4 program, as applicable, if the parent or guardian has provided
5 consent. For purposes of this section, a county- or
6 local-sponsored health insurance program includes a county
7 agency, a local initiative, a county-organized health system, or
8 other local entity that provides health care coverage to children
9 who do not qualify for the full-scope no-cost Medi-Cal program
10 or for the Healthy Families Program.

11 (2) Each county shall ask the parent or guardian of each child
12 identified in subparagraph (A) of paragraph (1) and the parent or
13 guardian of each child whom the county determines to meet the
14 income eligibility requirements for participation in the Medi-Cal
15 program under subparagraph (B) of paragraph (1) to provide
16 additional documentation as required by current law necessary
17 for retention of eligibility in the Medi-Cal program. If a parent or
18 guardian does not provide the documentation required for
19 retention of full-scope Medi-Cal program eligibility, the county
20 shall continue the child's enrollment in the Medi-Cal program,
21 but only for the limited scope of Medi-Cal program benefits as
22 described in Section 14007.5. If applicable, the county shall also
23 forward the school lunch application and any supplemental forms
24 as described in subdivision (i), for applicants who are determined
25 to be ineligible for the full-scope no-cost Medi-Cal program and
26 for the Healthy Families Program, to a county- or
27 local-sponsored health insurance program if the parent or
28 guardian has provided consent.

29 (d) Nothing in this section shall be construed as preventing the
30 department from verifying eligibility through the Income
31 Eligibility Verification System match mandated by Section 1137
32 of the federal Social Security Act (42 U.S.C. Sec. 1320b-7) or
33 from requesting additional information or documentation
34 required by federal law.

35 (e) Each county shall include its cost of implementing this
36 section in its annual Medi-Cal administrative budget requests
37 submitted to the department.

38 (f) For purposes of this section, the Medi-Cal program
39 application date shall be the date on which the school lunch

1 application information is received by the local agency
2 determining eligibility under the Medi-Cal program.

3 (g) (1) This section shall be implemented only if, and to the
4 extent that, federal financial participation is available for the
5 services provided and only for the period of time the free
6 National School Lunch Program utilizes a gross income standard
7 at or below 133 percent of the federal poverty level. This section
8 shall be implemented in a manner consistent with any federal
9 approval.

10 (2) Notwithstanding paragraph (1), if the department
11 determines that one or more state plan amendments are necessary
12 to ensure full federal financial participation in the provisions of
13 this section, the department shall prepare and submit requests for
14 the state plan amendments to the federal government, after which
15 this section shall not be implemented until the department
16 receives approval of all necessary state plan amendments.

17 (h) (1) Notwithstanding subdivision (g), not later than March
18 1, 2003, the department, in consultation with the State
19 Department of Education and representatives of the school
20 districts, county superintendents of schools, local agencies that
21 administer the Medi-Cal program, consumer advocates, and other
22 stakeholders, shall develop and distribute the policies and
23 procedures, including any all-county letters, necessary to
24 implement Section 49557.2 of the Education Code and this
25 section.

26 (2) The policies and procedures required to be developed and
27 distributed pursuant to subdivision (a) shall include, at a
28 minimum, both of the following:

29 (A) Processes for the school districts, county superintendents
30 of schools, and local agencies that administer the Medi-Cal
31 program to use in forwarding and processing free school lunch
32 application information pursuant to Section 49557.2 of the
33 Education Code, and in following up with the applicants to
34 obtain any necessary documentation required by federal law.

35 (B) Instructions for implementing the eligibility provisions of
36 this chapter.

37 (3) The policies and procedures required to be developed
38 pursuant to subdivision (a) shall specify all of the following:

39 (A) The information on the school lunch application may be
40 used to initiate a Medi-Cal program application only when the

1 applicant has provided his or her consent pursuant to Section
2 49557.2 of the Education Code.

3 (B) The date of the Medi-Cal program application shall be the
4 date on which the school lunch application was received by the
5 local agency that determines eligibility under the Medi-Cal
6 program.

7 (C) The county, in determining eligibility for the Medi-Cal
8 program, shall request additional documentation only as required
9 by federal law, and shall enroll any child whose parent or
10 guardian does not provide the necessary documentation for
11 full-scope benefits under the Medi-Cal program in the Medi-Cal
12 program with limited scope benefits, as described in Section
13 14007.5.

14 (i) To the extent federal financial participation is available,
15 and to the extent administratively feasible, the department shall
16 utilize the free National School Lunch Program application
17 developed under Section 49557.2 of the Education Code, if
18 supplemented as needed by simplified forms and disclosures,
19 including Medi-Cal rights and responsibility notices and privacy
20 notices, as a Medi-Cal application for children described in this
21 section.

22 (j) Notwithstanding Chapter 3.5 (commencing with Section
23 11340) of Part 1 of Division 3 of Title 2 of the Government
24 Code, the department shall implement this section by means of
25 all-county letters or similar instructions without taking regulatory
26 action. Thereafter, the department shall adopt regulations in
27 accordance with the requirements of Chapter 3.5 (commencing
28 with Section 11340) of Part 1 of Division 3 of Title 2 of the
29 Government Code.

30 (k) The department shall review the effectiveness of the
31 statewide pilot project and make recommendations regarding
32 appropriate ways to expand the use of the approaches contained
33 in this section.

34 (l) In order to expedite health care coverage for children who
35 have been determined eligible for free meals under the National
36 School Lunch Program, the department, at its discretion, may
37 choose to implement this section in whole or in part by
38 exercising the option described in Section 1396r-1a of Title 42 of
39 the United States Code to allow information provided on the
40 National School Lunch Program application referred to, and

supplemented as described, in paragraph (1) of subdivision (a) of Section 49557.2 of the Education Code to serve as a basis for a preliminary eligibility determination by a qualified entity designated by the department.

(m) County- and local-sponsored health program agencies are authorized to use the supplemental application described in subdivision (i) and received pursuant to subdivision (c) to make an eligibility determination for those respective programs, and shall request additional information only as needed to complete the eligibility process.

(n) A county may, at its option, and with the consent of the parent or guardian as provided in paragraph (3) of subdivision (a) of Section 49557.2 of the Education Code, notify the school of the names and contact information of children who are in jeopardy of losing accelerated Medi-Cal coverage because a child's parent or guardian has not provided required followup information to the county. This notice shall be limited to the names and contact information, and shall not specify what information is missing. This shall be done for the sole purpose of enabling the school, at its option, to conduct outreach activities to encourage or assist those parents or guardians to complete and submit the required followup information.

(o) Effective July 1, 2006, any child currently enrolled in school who is eligible for reduced price meals under the National School Lunch Program shall be eligible for an accelerated determination for the California Healthy Kids Insurance Program and their school lunch application along with any supplemental forms and disclosures as described in subdivision (i) will be evaluated by the appropriate entity for ongoing medical assistance, upon the authorization of their parent or guardian, pursuant to this section and Section 49557.2 of the Education Code, and as otherwise provided by law.

(p) The procedures set out in this section shall be revised to allow an electronic application system that utilizes the real-time electronic connection to the state eligibility database developed pursuant to subdivision (b) of Section 14011.7 to allow children, with consent of their parent or guardian, to request an accelerated determination for the California Healthy Kids Insurance Program, and apply for ongoing medical assistance pursuant to Section 14005.43 utilizing information provided for application

1 to the National School Lunch Program. As part of this revision,
2 the department, in consultation with the Managed Risk Medical
3 Insurance Board, the California Healthy Kids Expert Panel, and
4 other stakeholders, *including consumer advocates*, shall develop
5 a means for using the electronic application to allow students at
6 provisional schools to apply for medical assistance.

7 (q) Notwithstanding any other provision of law, to the degree
8 federal financial participation is available, individuals who are
9 eligible for the National School Lunch Program on the basis of
10 categorical eligibility shall not be required to submit any
11 additional income information to establish income eligibility for
12 an accelerated determination and ongoing medical assistance
13 pursuant to this section. Ex parte and other procedures in Section
14 14005.37 shall be used to make an eligibility determination, if
15 necessary.

16 SEC. 17. Section 14005.43 is added to the Welfare and
17 Institutions Code, to read:

18 14005.43. (a) The department, working in coordination with
19 the Managed Risk Medical Insurance Board pursuant to Section
20 12693.415 of the Insurance Code, the California Healthy Kids
21 Expert Panel, the governing agencies designated by Section
22 123290 of the Health and Safety Code, and Section 14005.41,
23 and other stakeholders, *including consumer advocates*, shall
24 develop an electronic application system that utilizes the
25 real-time electronic connection to the state eligibility database
26 developed pursuant to subdivision (b) of Section 14011.7 to be
27 used by children applying for the California Special
28 Supplemental Nutrition Program for Women, Infants, and
29 Children (WIC) as provided for in Article 2 (commencing with
30 Section 123275) of Chapter 1 of Part 2 of Division 106 of the
31 Health and Safety Code and the National School Lunch Program
32 (NSLP) as provided pursuant to Chapter 13 (commencing with
33 Section 1751) of Title 42 of the United States Code.

34 (1) Pursuant to this section, the electronic application shall be
35 designed to allow children to request an accelerated
36 determination for the California Healthy Kids Insurance Program
37 and to apply for ongoing medical assistance utilizing information
38 provided for application to the WIC program or the NSLP or any
39 other children's programs that may be added in the future, as
40 appropriate, at the recommendation of the governing agencies of

1 the California Healthy Kids Insurance Program, the California
2 Healthy Kids Expert Panel, and other stakeholders, *including*
3 *consumer advocates*. All information and documentation
4 provided for application to these programs shall be deemed
5 reliable for purposes of determining eligibility for the California
6 Healthy Kids Insurance Program.

7 (2) Eligibility personnel at participating WIC and NSLP sites
8 or another entity designated by the department shall be
9 authorized to make an accelerated determination and shall utilize
10 the electronic application for medical assistance purposes only
11 with the consent and authorization of the applicant's parent or
12 guardian and shall safeguard the information shared pursuant to
13 this section.

14 (3) The department shall utilize the electronic application
15 developed pursuant to this section for an accelerated eligibility
16 determination, and shall provide ongoing eligibility for medical
17 assistance pending a final determination.

18 (4) The electronic application and the process for conducting
19 the eligibility review and communicating with families shall be
20 designed such that the initial submission of the electronic
21 application using the information provided for application to
22 WIC or NSLP is sufficient to authorize accelerated enrollment
23 and to constitute a Medi-Cal application.

24 (5) All efforts shall be made to coordinate and streamline the
25 enrollment process, pursuant to this section, with the express
26 enrollment process set out in Section 14005.41 and in Section
27 49557.2 of the Education Code.

28 (6) The electronic application and any followup procedures
29 that may be required for a final determination of eligibility shall
30 request information and documentation only to the extent
31 required by federal law and shall be periodically reevaluated by
32 the California Healthy Kids Expert Panel to enhance simplicity
33 as changes to federal law may allow.

34 (b) Notwithstanding any other provision of law and
35 irrespective of differences in financial eligibility standards and
36 methodologies, upon proof of current enrollment in any of the
37 programs listed in paragraphs (1) to (4), inclusive, the board and
38 the department shall use the income eligibility determination
39 made by the programs listed in those paragraphs to determine the
40 child's income eligibility for the California Healthy Kids

1 Insurance Program and to establish the child's ~~percent of the~~
2 ~~federal~~ poverty level *as defined in Section 50041.5 of Title 22 of*
3 *the California Code of Regulations.*

4 (1) The California Special Supplemental Nutrition Program
5 for Women, Infants, and Children (WIC) as provided for in
6 Article 2 (commencing with Section 123275) of Chapter 1 of
7 Part 2 of Division 106 of the Health and Safety Code.

8 (2) The National School Lunch Program (NSLP) as provided
9 for pursuant to Chapter 13 (commencing with Section 1751) of
10 Title 42 of the United States Code.

11 (3) The Food Stamp Program as provided for pursuant to
12 Chapter 51 (commencing with Section 2011) of Title 7 of the
13 United States Code.

14 (4) Any other children's program that may be added in the
15 future.

16 The board and the department shall accept the children's
17 program's documentation as reliable for purposes of satisfying
18 any documentation requirements for the California Healthy Kids
19 Insurance Program and, if the eligibility determination pursuant
20 to this section does not establish eligibility for *the* California
21 Healthy Kids Insurance Program, for purposes of determining
22 eligibility for medical assistance on all other available grounds.

23 (c) Nothing in this section shall be construed to authorize
24 denial of benefits through the California Healthy Kids Insurance
25 Program or other program to a child who, without the application
26 of this section, would qualify for those benefits or to relieve the
27 program of the obligation to determine eligibility on other
28 grounds.

29 SEC. 18. Section 14005.71 is added to the Welfare and
30 Institutions Code, to read:

31 14005.71. In determining eligibility, including
32 redetermination of eligibility, for coverage under the Medi-Cal
33 program for a child ~~or for a family~~, the department shall request
34 documentation and verify information provided only to the extent
35 required under federal law.

36 SEC. 19. Section 14011.65 is added to the Welfare and
37 Institutions Code, to read:

38 14011.65. (a) The Medi-Cal to Healthy Families Accelerated
39 Enrollment Program is hereby established to provide any child
40 who meets the criteria set forth in subdivision (b) with temporary

health benefits while his or her application is forwarded to the Healthy Families Program established under Part 6.2 (commencing with Section 12693) of Division 2 of the Insurance Code.

(b) (1) Any child who meets the eligibility requirements for Healthy Families benefits under *the* California Healthy Kids Insurance Program shall be eligible for temporary health benefits funded by Title XXI of the Social Security Act, where available, if the following requirements are met:

(A) The child, or his or her parent or guardian, either:

(i) Submits an application for the Medi-Cal program directly to the county.

(ii) Has submitted an application for the Medi-Cal program to single point of entry as defined in subdivision (e) of Section 14011.6, and has been granted accelerated enrollment into Medi-Cal by the single point of entry pursuant to Section 14011.6.

(B) The child is not receiving Medi-Cal benefits at the time that the application is submitted, with the exception of accelerated enrollment provided pursuant to Section 14011.6.

(2) The county shall grant the temporary benefits provided under this section effective on the date that the county finds that the child meets all of the criteria in paragraph (1) of subdivision (b).

The benefits shall terminate on the date that the child is discontinued from the state Medical Eligibility Data System due to his or her full enrollment in the Healthy Families Program or ineligibility for the Healthy Families Program.

(3) The temporary health benefits provided under this section shall be identical to the benefits provided to children who receive full-scope Medi-Cal benefits without a share of cost and shall only be made available through a Medi-Cal provider.

(c) The department, in consultation with the Managed Risk Medical Insurance Board, as the governing agencies for the California Healthy Kids Insurance Program, the California Healthy Kids Expert Panel, and representatives of the local agencies that administer the Medi-Cal program, consumer advocates, and other stakeholders, shall develop and distribute the policies and procedures, including any all-county letters, necessary to implement this section.

1 (d) If the department determines that one or more state plan
2 amendments are necessary to ensure full federal financial
3 participation in the provisions of this section, the department
4 shall prepare and submit requests for the state plan amendments
5 to the federal government.

6 (e) Each county shall include its cost of implementing this
7 section in its annual Medi-Cal administrative budget request
8 submitted to the department.

9 SEC. 19.5. Section 14013.5 is added to the Welfare and
10 Institutions Code, to read:

11 14013.5. (a) Effective July 1, 2007, the department shall
12 implement the simplified, prepopulated annual renewal form
13 described in subdivision (a) of Section 12693.9912 of the
14 Insurance Code for all individuals and families enrolled in the
15 Medi-Cal program.

16 (b) All children enrolled in the Medi-Cal program, as well as
17 all adults who are enrolled in the Medi-Cal program pursuant to
18 Section 14005.30, may certify with their signature any changes to
19 the prepopulated eligibility information form.

20 SEC. 19.7. Section 14154 of the Welfare and Institutions
21 Code is amended to read:

22 14154. (a) The department shall establish and maintain a
23 plan whereby costs for county administration of the
24 determination of eligibility for benefits under this chapter will be
25 effectively controlled within the amounts annually appropriated
26 for that administration. The plan, to be known as the County
27 Administrative Cost Control Plan, shall establish standards and
28 performance criteria, including workload, productivity, and
29 support services standards, to which counties shall adhere. The
30 plan shall include standards for controlling eligibility
31 determination costs that are incurred by performing eligibility
32 determinations at county hospitals, or that are incurred due to the
33 outstationing of any other eligibility function. Except as provided
34 in Section 14154.15, reimbursement to a county for outstationed
35 eligibility functions shall be based solely on productivity
36 standards applied to that county's welfare department office. The
37 plan shall be part of a single state plan, jointly developed by the
38 department and the State Department of Social Services, in
39 conjunction with the counties, for administrative cost control for
40 the California Work Opportunity and Responsibility to Kids

1 (CalWORKs), Food Stamp, and Medical Assistance (Medi-Cal)
2 programs. Allocations shall be made to each county and shall be
3 limited by and determined based upon the County Administrative
4 Cost Control Plan. In administering the plan to control county
5 administrative costs, the department shall not allocate state funds
6 to cover county cost overruns that result from county failure to
7 meet requirements of the plan. The department and the State
8 Department of Social Services shall budget, administer, and
9 allocate state funds for county administration in a uniform and
10 consistent manner.

11 (b) Nothing in this section, Section 15204.5, or Section 18906
12 shall be construed so as to limit the administrative or budgetary
13 responsibilities of the department in a manner that would violate
14 Section 14100.1, and thereby jeopardize federal financial
15 participation under the Medi-Cal program.

16 (c) The department is responsible for the Medi-Cal program in
17 accordance with state and federal law. A county shall determine
18 Medi-Cal eligibility in accordance with state and federal law. If
19 in the course of its duties the department becomes aware of
20 accuracy problems in any county, the department shall, within
21 available resources, provide training and technical assistance as
22 appropriate. Nothing in this section shall be interpreted to
23 eliminate any remedy otherwise available to the department to
24 enforce accurate county administration of the program. In
25 administering the Medi-Cal eligibility process, each county shall
26 meet the following performance standards each fiscal year:

27 (1) Complete eligibility determinations as follows:

28 (A) Ninety percent of the general applications without
29 applicant errors and are complete shall be completed within 45
30 days.

31 (B) Ninety percent of the applications for Medi-Cal based on
32 disability shall be completed within 90 days, excluding delays by
33 the state.

34 (2) (A) The department shall establish best-practice guidelines
35 for expedited enrollment of newborns into the Medi-Cal
36 program, preferably with the goal of enrolling newborns within
37 10 days after the county is informed of the birth. The department,
38 in consultation with counties and other stakeholders, shall work
39 to develop a process for expediting enrollment for all newborns,
40 including those born to mothers receiving CalWORKs assistance.

1 (B) Upon the development and implementation of the
2 best-practice guidelines and expedited processes, the department
3 and the counties may develop an expedited enrollment timeframe
4 for newborns that is separate from the standards for all other
5 applications, to the extent that the timeframe is consistent with
6 these guidelines and processes.

7 (C) Notwithstanding the rulemaking procedures of Chapter 3.5
8 (commencing with Section 11340) of Part 1 of Division 3 of Title
9 2 of the Government Code, the department may implement this
10 section by means of all-county letters or similar instructions,
11 without further regulatory action.

12 (3) Perform timely annual redeterminations, as follows:

13 (A) Ninety percent of the annual redetermination forms shall
14 be mailed to the recipient by the anniversary date.

15 (B) Ninety percent of the annual redeterminations shall be
16 completed within 60 days of the recipient's annual
17 redetermination date for those redeterminations based on forms
18 that are complete and have been returned to the county by the
19 recipient in a timely manner.

20 (C) Ninety percent of those annual redeterminations where the
21 redetermination form has not been returned to the county by the
22 recipient shall be completed by sending a notice of action to the
23 recipient within 45 days after the date the form was due to the
24 county.

25 (D) When a child is determined by the county to change from
26 no share of cost to a share of cost and the child meets the
27 eligibility criteria for the Healthy Families Program established
28 under Section 12693.98 of the Insurance Code, the child shall be
29 placed in the Medi-Cal-to-Healthy Families Bridge Benefits
30 Program, and these cases shall be processed as follows:

31 (i) Ninety percent of the families of these children shall be
32 sent a notice informing them of the Healthy Families Program
33 within five working days from the determination of a share of
34 cost.

35 (ii) Ninety percent of all annual redetermination forms for
36 these children shall be sent to the Healthy Families Program
37 within five working days from the determination of a share of
38 cost ~~if the parent has given consent to send this information to~~
39 ~~the Healthy Families Program.~~

(iii) Ninety percent of the families of these children placed in the Medi-Cal-to-Healthy Families Bridge Benefits Program ~~who have not consented to sending the child's annual redetermination form to the Healthy Families Program shall be sent a request, within five working days of the determination of a share of cost, to consent to send the~~ *shall be sent an informing notice that the Medi-Cal Program has sent the child's Medi-Cal case* information to the Healthy Families Program.

~~(E) Subparagraph (D) shall not be implemented until 60 days after the Medi-Cal and Joint Medi-Cal and Healthy Families applications and the Medi-Cal redetermination forms are revised to allow the parent of a child to consent to forward the child's information to the Healthy Families Program.~~

(d) The department shall develop procedures in collaboration with the counties and stakeholder groups for determining county review cycles, sampling methodology and procedures, and data reporting.

(e) On January 1 of each year, each applicable county, as determined by the department, shall report to the department on the county's results in meeting the performance standards specified in this section. The report shall be subject to verification by the department. County reports shall be provided to the public upon written request.

(f) If the department finds that a county is not in compliance with one or more of the standards set forth in this section, the county shall, within 60 days, submit a corrective action plan to the department for approval. The corrective action plan shall, at a minimum, include steps that the county shall take to improve its performance on the standard of standards with which the county is out of compliance. The plan shall establish interim benchmarks for improvement that shall be expected to be met by the county in order to avoid a sanction.

(g) If a county does not meet the performance standards for completing eligibility determinations and redeterminations as specified in this section, the department may, at its sole discretion, reduce the allocation of funds to that county in the following year by 2 percent. Any funds so reduced may be restored by the department if, in the determination of the department, sufficient improvement has been made by the county in meeting the performance standards during the year for which

1 the funds were reduced. If the county continues not to meet the
2 performance standards, the department may reduce the allocation
3 by an additional 2 percent for each year thereafter in which
4 sufficient improvement has not been made to meet the
5 performance standards.

6 (h) The department shall develop procedures, in collaboration
7 with the counties and stakeholders, for developing instructions
8 for the performance standards established under subparagraph
9 (D) of paragraph (3) of subdivision (c), no later than September
10 1, 2005.

11 (i) No later than September 1, 2005, the department shall issue
12 a revised annual redetermination form to allow a parent to
13 indicate parental consent to forward the annual redetermination
14 form to the Healthy Families Program if the child is determined
15 to have a share of cost.

16 (j) The department, in coordination with the Managed Risk
17 Medical Insurance Board, shall streamline the method of
18 providing the Healthy Families Program with information
19 necessary to determine Healthy Families eligibility for a child
20 who is receiving services under the Medi-Cal-to-Healthy
21 Families Bridge Benefits Program.

22 SEC. 20. Section 18925 of the Welfare and Institutions Code
23 is amended to read:

24 18925. (a) The State Department of Health Services, in
25 conjunction with the State Department of Social Services, shall
26 implement a simplified eligibility process as part of the Food
27 Stamp Program to expedite Medi-Cal program and Healthy
28 Families Program enrollment for Food Stamp Program
29 recipients, including children and their eligible parents or
30 caretaker relatives who are not enrolled in those programs.

31 (b) The State Department of Health Services shall develop a
32 data list of children and their parents residing in eligible food
33 stamp households who are not enrolled in the Medi-Cal program
34 or the Healthy Families Program.

35 (c) The State Department of Health Services shall develop a
36 notice informing individuals identified pursuant to subdivision
37 (b) that they may be entitled to receive benefits under the
38 Medi-Cal program or the Healthy Families Program.

39 (d) At the time of the food stamp household's annual
40 recertification, the State Department of Health Services shall

1 send the notice specified in subdivision (c) to the individuals
2 identified in subdivision (b) with a return envelope addressed to
3 the applicable county welfare department. The notice shall
4 include a request for permission to use the information in the
5 food stamp recipient's case file to make a determination of
6 eligibility for the Medi-Cal program and the Healthy Families
7 Program.

8 (e) The notice shall be written in culturally and linguistically
9 appropriate language and at an appropriate literacy level. The
10 notice shall include information on the Medi-Cal program and
11 the Healthy Families Program, and a telephone number that food
12 stamp recipients may call for additional information.

13 (f) To apply for medical assistance under the Medi-Cal
14 program, the parent or guardian of the food stamp recipient shall
15 sign, date, and return the notice requesting that an eligibility
16 determination be made. Upon receipt of the notice, the county
17 welfare department shall make an eligibility determination by
18 utilizing the information in the food stamp recipient's case file or
19 paper application. The Medi-Cal application date shall be the
20 date the notice is received by the county welfare department. If
21 the food stamp case file does not include sufficient information
22 to establish Medi-Cal program eligibility, the county welfare
23 department shall request, either orally or in writing, additional
24 information from the food stamp recipient.

25 (g) If the food stamp recipient is determined to be eligible to
26 participate in the Medi-Cal program with a share of cost, or is
27 determined to be ineligible for Medi-Cal, information pertinent to
28 the food stamp recipient's eligibility for the Healthy Families
29 Program shall be forwarded by the county welfare department to
30 the Healthy Families Program statewide administrator for
31 immediate processing. If there is insufficient information to
32 establish Healthy Families Program eligibility, the administrator
33 shall request, either orally or in writing, additional information
34 from the food stamp recipient.

35 (h) Counties shall include the cost of implementing this
36 section in their annual administrative budget requests to the State
37 Department of Health Services.

38 (i) This section shall be implemented on or after July 1, 2003,
39 but only to the extent federal financial participation is available.

1 (j) The State Department of Health Services and the State
2 Department of Social Services shall develop guidelines to
3 identify the scope and allocation of responsibilities of state
4 agencies and counties under this section. Counties shall be
5 required to adopt procedures and make appropriate programming
6 changes to their automated welfare systems to accommodate
7 simplification and streamlining pursuant to this section. Counties
8 shall further be required to place a high priority on designing and
9 implementing the programming to their automated welfare
10 systems necessary to perform an ex parte, automated Medi-Cal
11 renewal using food stamp data, at recertification, and to align
12 Medi-Cal and food stamp renewal dates to the most favorable
13 date to the extent the later date is consistent with current law.
14 Designing and implementing these changes, including
15 programming automated welfare systems, shall be a high priority
16 for the department and counties and shall be operative by July
17 2006.

18 SEC. 21. Notwithstanding any other provision of law, this act
19 shall be implemented only to the extent that funds are
20 appropriated for the purposes of the act in the annual Budget Act
21 or in another statute. To the extent that funds are appropriated for
22 only a portion of the changes enacted pursuant to this act, those
23 changes for which funds are appropriated shall be implemented.

24 SEC. 22. If the Commission on State Mandates determines
25 that this act contains costs mandated by the state, reimbursement
26 to local agencies and school districts for those costs shall be
27 made pursuant to Part 7 (commencing with Section 17500) of
28 Division 4 of Title 2 of the Government Code.